

Message Text

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SUBJ: AMERICAN-OWNED COMPANY TO CEASE OPERATIONS

1. AT AN EXTRAORDINARY MEETING OF ITS STOCKHOLDERS ON JUNE 18, TORRINGTON S.P.A., THE WHOLLY-OWNED ITALIAN SUBSIDIARY OF THE U.S. CORPORATION TORRINGTON, INC., TORRINGTON, CONNECTICUT, DECIDED TO PLACE ITSELF IN LIQUIDATION. THE FIRM, UNDER AMERICAN OWNERSHIP FOR 17 YEARS, PRODUCES KNITTING MACHINE NEEDLES. IT HAS 530 EMPLOYEES. WORKERS LEARNED OF THE LIQUIDATION DECISION ONLY AS THEY REPORTED FOR THEIR SHIFTS ON JUNE 18 AND 19.

2. ACCORDING TO THE LIQUIDATOR APPOINTED BY THE PARENT CORPORATION, THE ITALIAN SUBSIDIARY HAS BEEN LOSING MONEY FOR YEARS. THIS LACK OF PROFITABILITY ALMOST FORCED CLOSURE IN 1972. BEGINNING IN 1974, THE COMPANY S OPERATING LOSS BEGAN TO SOAR. IN THE FIRST FEW MONTHS OF 1975, THE SITUATION WENT OUT OF CONTROL. FROM JANUARY TO APRIL 1975, THE LOSS ALMOST EQUALLED THAT FOR ALL OF 1974.

3. IT IS TORRINGTON S POSITION THAT LIQUIDATION HAS BEEN FORCED BY THE CONTINUOUSLY DETERIORATING LABOR SITUATION. ABSENTEEISM, STRIKES, HIGH WAGE COSTS AND THE COSTS OF SOCIAL BENEFITS ALL COMBINED TO MAKE THE REAL COST OF
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LABOR IN GENOA HIGHER THAN AT ANY OF THE COMPANY'S OTHER

PLANTS IN THE U.S. WEST GERMANY, CANADA U. K. OR BRAZIL.
AT PRESENT THE ITALIAN SUBSIDIARY IS NO LONGER ABLE TO COMPETE
WITH ITS GERMAN RIVALS.

4. THE LIQUIDATION DECISION WAS ARRIVED AT COMPLETELY
WITHIN THE TORRINGTON ORGANIZATION. THERE WERE NO PRIOR
CONSULTATIONS WITH THE ITALIAN GOVERNMENT, LABOR ORGANIZATIONS,
EMPLOYERS ASSOCIATION OR THE CONSULATE GENERAL. THIS NOT-
WITHSTANDING, TORRINGTON DOES NOT FEEL IT IS GIVING UP
PREMATURELY. IN 17 YEARS, THE ITALIAN SUBSIDIARY NEVER
PAID A DIVIDEND TO ITS PARENT EVEN THOUGH THE WORK FORCE
WAS EXPANDED FROM 150 TO 530 AS A RESULT OF LARGE INVESTMENT
FROM THE U.S. CAPITAL EQUIPMENT WAS DOUBLED IN 1966 IN AN
EFFORT TO IMPROVE THE FIRM'S COMPETITIVE POSITION.

5. TORRINGTON, INC. WISHES TO OPERATE ITS ITALIAN
SUBSIDIARY UNTIL PRESENT STOCKS ARE EXHAUSTED, DISMISSING
WORKERS OVER A PERIOD OF MONTHS. THE FIRM INTENDS TO
REMAIN ACTIVE IN THE ITALIAN MARKET SELLING IMPORTED
NEEDLES THROUGH A MILAN-BASED MARKETING ORGANIZATION.

6. LABOR AND INDUSTRIALIST ASSOCIATION REPRESENTATIVES
ARE MEETING TO DISCUSS THE SITUATION. IN THE MEANTIME,
PRODUCTION HAS STOPPED. THE CORPORATE LIQUIDATOR HOPES
THAT AGREEMENT WILL BE REACHED TO RECOMMENCE WORK AND
THAT PLANT OCCUPATION CAN BE AVOIDED.

7. THE LIQUIDATION DECISION HAS ATTRACTED MODERATE
JOURNALISTIC ATTENTION. ONE NEWSPAPER QUOTED A WORKER
AS CALLING THE DECISION "FOREIGN REVENGE FOR THE ELECTORAL
SUCCESS OF THE LEFT." THE REFERENCE IS TO THE JUNE 15
ITALIAN REGIONAL ELECTIONS. LOCAL GOVERNMENT LEADERS,
SUCH AS THE MAYOR OF GENOA CITY AND THE PRESIDENT OF
GENOA PROVINCE, HAVE BECOME INVOLVED IN NEGOTIATIONS
ON THE PLANT'S FUTURE. THE PROVINCIAL PRESIDENT
HAS ALSO ASKED THE CONSUL GENERAL'S
ASSISTANCE IN "AVOIDING THE LIQUIDATION OF TORRINGTON
AND THE CONSEQUENT DISMISSAL OF ABOUT 500 EMPLOYEES."

8. INTEND REMAIN IN CONTACT WITH PARTIES TO SITUATION
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AND ENCOURAGE SOLUTION WHICH SOFTENS EFFECTS ON WORKERS
WHILE PROTECTING INTERESTS AMERICAN CORPORATION. WILL
CONTINUE TO REPORT ON SITUATION. BRUNO

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